

Store Services 2.0

The New Era of Convenience Has Arrived

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The restaurant industry has been doing it for years. Customers call in or place an order online, then go to the restaurant to get their carryout dinner. The process is so ingrained into the consumer psyche that people expect restaurants to offer this service. It's convenient and saves time.

Now, the rest of the retail industry, including some independent home improvement store owners, are getting in on the action. More retailers are offering online shoppers the ability to create an order from their store's current inventory and schedule it for pickup that same day. Buy online pick up in store (often referred to as BOPIS) is the next step in the ever-evolving retail landscape that is

integrating e-commerce with brick-and-mortar shops. It's also evidence that, for today's consumer, convenience is more important than ever.

So when you start thinking about the store services you offer, realize that leaders in the home improvement industry are building on the traditional array of services they offer their customers and are looking for ways to add more convenience. BOPIS is one more way your store can differentiate itself.

On the following pages, we'll look at some of the retailers who have started offering this service, including two independent home improvement retailers, and then we'll offer suggestions for how you can respond to this trend.

The Trend is Gaining Traction

Omnichannel has been a retailing buzzword for several years now. Consumers want to be able to shop online or in a brick-and-mortar store, and they want their experiences in either place to be similar. As omnichannel continues to develop, the ability to create an order online and pick it up in store seems to be the next natural progression, and consumers are ready to use it.

During the 2015 holiday shopping season, nearly one-third of holiday shoppers placed an order online and then went to the store to pick it up, according to the Holiday Consumer Purchasing Trends report by the International Council of Shopping Centers. Additionally, 69 percent of those shoppers purchased additional items when they came into the store to pick up their orders.

In Independent Retailing

For the average independent home improvement retailer, having a website with a same-day, online order pickup service may seem

far in the future. You need a robust e-commerce platform that's tied to your store's physical inventory. But that doesn't mean it's impossible. Both Ace Hardware and True Value are examples of distributors who have been jumping in to help retailers with turnkey programs that make it easy to link their store's inventory to an e-commerce site, an essential building block for BOPIS.

That's how 5th Street Ace Hardware in Washington, D.C., got started. Store manager Brad Johanson-Smith says they started offering the service in 2014 when his co-op began supporting BOPIS with its e-commerce site. Customers who place an online order can pick up their items within two hours. Johanson-Smith says that, on average, about 20 customers a month use the service, and its real value is that it's another option to offer customers.

"It's just another way we can make it easier for our customers to shop with us," he says. "It's another convenience we can provide them. There's a lot more in our catalog that is special order that can be shipped to our store, but if they want something that day, they can see our real-time inventory and pick up the product that day."

Kyle Little, co-owner of Little Hardware in Charlotte, North Carolina, has had a BOPIS option for his customers since 2012 and says it gives his customers another convenient option for how they can receive what they need. While many of the store's customers are commercial,

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—Brad Johanson-Smith, 5th Street Ace Hardware

5 Unique Store Services

There is more than one way to make your store convenient for your customers. Look for unique store services they can't get anywhere else. Then when they do come to your store, help them make the most of their time.

On the following pages, you will find some store services retailers are offering to their customers that you may want to consider.



1 Package Services

Steve Fusek, owner of Fusek's True Value Hardware in Indianapolis, has figured out how to get customers into his store for the pickup. Fusek's urban store is located where many residents prefer not to have packages delivered to their doors. Fusek joined a program called Access Point, which designates his store as a drop-off/pick-up point for UPS packages. For customers that choose the service, UPS delivers their packages to the store. Packages are kept secure until the customer retrieves them. Customers can also drop off pre-labeled UPS packages at the store for pickup.

Fusek gets paid a small amount for each package, but the real value is in the store traffic the service generates. Fusek normally has 30 to 40 packages come through in a week, sometimes more. "UPS estimates that about 40 percent of the customers using this service make a purchase from the store," he says. "We require them to go to our service desk in the back. Hopefully, they will find something to buy on their way back to get their package."

“it seems more retail customers are using it,” he says. “They might be price shopping online and want to make sure they can get a product once they’ve found it.” They fill the orders as quickly as they can, often during the same business day.

How Mass Merchants are Using It

With Amazon whetting consumers’ appetites for faster, more convenient order fulfillment, brick-and-mortar retailers are looking for ways to stand out. In late 2016, for example, CVS rolled out a curbside pick-up service using the free Curbside mobile app. With the service, a customer can shop CVS.com, and then get a text message from Curbside when the order is ready, usually in less than an hour. Customers drive to the store and pick up their orders without leaving

their cars, a big convenience for those in a hurry or with a carload of children.

Walmart made waves in the retailing world when it recently announced it would test the next phase of order fulfillment with a vending-machine-style tower in its Bentonville, Arkansas, store. Walmart customers who purchase a product online can visit the machine, enter their order numbers and receive their orders.

Home Depot is another company that has been building a track record of success at executing omnichannel. During a 2015 presentation to investors at the Goldman Sachs Annual dotCommerce Day, Kevin Hofmann, president of Home Depot’s online business, told attendees 40 percent of Home Depot’s online orders are fulfilled through stores, including orders consumers pick up in the store or those they have shipped to their home from the store. He added that buy online pick-up in store continues to be the company’s fastest-growing e-commerce channel.

Customers spend more online, too. “Generally, the average ticket for an e-commerce transaction is considerably higher than the average ticket of the physical store,” he says. They’ve also made a large effort to provide email and chat support to

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Bike Repair...and Coffee

At District Hardware and Bike in Washington D.C., owner Neil Conway offers his customers just about any service they need related to their bikes, from repair to bicycle rental. While the bike shop functions as a stand-alone business, it's a good partner to the hardware store. "We get a lot of crossover between the two," says Conway. "People who come in for hardware may buy something for their bike. Those who come in for a bike repair frequently pick up something from the hardware store."

But later this year, Conway plans to move his hardware and bike business to a larger location and add a new twist—coffee. Shoppers waiting to get a key cut or a bicycle repaired can grab something hot to sip. He'll also have a beer tap for those who prefer a cold drink on a hot day.

"Rather than just a retail shop where people come in, make their transaction and leave, we want to create a community space," says Neil's son, Jarrett Conway. "We plan to offer premium coffee and create a destination. We're making the shopping trip more convenient for our customers by offering them more of what they want, and more reason to stay and shop."



customers who have questions about the products they are purchasing online.

How You Can Respond

The online shopping experience may have created a whole new set of expectations from the consumer, but the good news for independent home improvement retailers is that despite all of the shopping consumers are doing online, they still value the in-store experience. In a 2015 survey by the E-tailing Group, 67 percent of consumers responding to the survey said that while they welcome the convenience of shopping online, sometimes it's easier or more efficient to send the product to the physical store for pickup.

Even if establishing an e-commerce presence isn't an area where you are currently investing, it's necessary to understand that retailers with e-commerce capabilities are setting a standard for what consumers expect from their shopping experiences. These customers place a high priority on convenience and flexibility. Here are six ways you can improve your in-store

experience to respond to the way BOPIS is changing customers' expectations.

Accurate Inventory Control is Critical

With retailers who offer BOPIS, shoppers can see if a store has product in stock before hitting the road to pick it up. If they can see online that a store doesn't have what they need, then they'll go somewhere else.

A store that is able to offer a buy online pick-up in store service must have robust inventory control so online shoppers don't show up at the store and the product they ordered isn't there.

"Inventory accuracy mattered before e-commerce," Little says. "But it's more transparent now." He maintains extra quantity of some of his more popular items in the store, so the product might still be in the store even after the quantity registers zero online.

If your store is out of stock of what a customer wants, they may be able to locate it elsewhere with just a few taps on their mobile phone. Plus, they may not be willing to wait until the next truck comes in. Putting systems in place so what is on the shelf matches what is in your point of sale system will be increasingly critical as more stores offer inventory transparency.

Provide Perfect Customer Service

Consumers who buy online still value the personalized attention they receive in a store. That's one reason Home Depot has thousands

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—Kyle Little, Little Hardware

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Handyman Services

Not every customer is a do-it-yourselfer. Some may want help with small projects, whether it's installing a door lock or a water heater. Weider's Ace Hardware in Honeoye Falls, New York, can help. They offer handyman services for most small projects a handyman could complete in a few hours. It's a win for both the store and the shopper.

"The handyman service is a convenience for our customers," says owner Ned Green. "We can help with those small projects that the traditional contractor may not be interested in doing. At the same time, the projects are usually centered on the products we sell in our store."

The service is especially popular among the store's senior customers, but Green also has commercial customers who may use the service for smaller projects, such as changing out light bulbs or installing new door locks.



of employees in its call center to answer project questions when consumers are shopping online.

Johanson-Smith says that personal experience is what will differentiate his online store from Amazon. Shoppers may find similar products on both his website and Amazon, but it's the in-store experience that will make the difference. "The one thing we provide that the others cannot is the service and extra advice," he says. "I can't go to Amazon and have someone tell me how to complete a project and tell me all of the extra items I need. We have to wow customers with their shopping experience here."

Employees must have the proper product knowledge training to become the experts customers seek out when they have questions. Store layout and merchandising must be arranged so customers can quickly and easily find what they need. During each part of the transaction, from greeting the customer to thanking them for their business, customers must be your priority.

Help Customers Solve Return Issues

Returns are something you can do better than Amazon or most any other online retailer. Customers will be returning the item to you in person instead of shipping it to a warehouse where they have to pay for shipping. An in-person return gives them the chance to ask questions or voice their complaints. First, make returns easy and hassle free, as this is what consumers have come

to expect from retailers these days. But what most retailers fail to do is ask the customer why they are returning the item and then see if they can help them find what they needed. If the customer had a complaint with the returned item, see if you can help make it right. Not only does this help save the sale, it may earn you a grateful and loyal customer.

Make Special Orders Painless

Consumers who shop online expect an efficient and easy ordering experience. If you offer a special order service, make sure it measures up to what they've come to expect from other retailers. Every employee should be trained on the special order process so customers don't have to wait for a manager to do it.

Offer a reasonable timeline when the product will arrive and don't over promise. Most importantly, communicate with the customer at every stage of the process via email, phone or text. Always notify them if there are delays. Then, send a follow-up email a few days after the customer has taken the product home to make sure they are satisfied with their purchase.

Encourage Impulse Sales

One of the downsides of BOPIS is that a store runs the risk of merely being an order fulfillment center. Customers come into the store to pick up exactly what they order and leave. Retailers miss potential impulse and add-on sales. Whether you



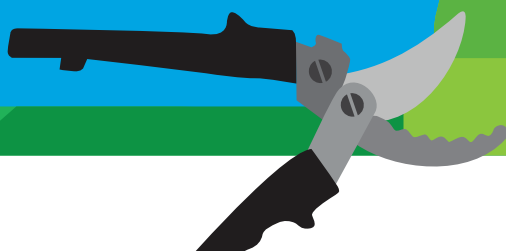
Specialty Blade Sharpening

Most hardware stores will sharpen a few items, such as a lawn mower blade or knife, but Weider's Ace Hardware has a shop full of sophisticated equipment where staff can sharpen anything with an edge. They use the service as a way to attract new customers.

Customers can bring in any sort of item, including kitchen knives, circular saw blades and garden tools, for sharpening.

Instead of allowing sharpening to be just an add-on service for those already shopping at Weider's, Green wants it to be a destination. He and his son Mitch have developed a website dedicated to the sharpening service (which encourages customers to mail in items for sharpening if they live too far away)

and has partnered with several other hardware stores in the area to serve as pick-up and drop-off points for the service. "We created our website as a way to take this beyond just an in-store service to be more of a destination," says Mitch. "That has allowed us to promote our store to different segments and convert new customers outside of our regular trading area."



offer a BOPIS service or not, using merchandising and customer-employee interaction to encourage add-on sales and impulse buys is as much a function of good customer service as it is a means to drive profits.

Employees who suggest add-on sales help customers locate everything they need for their projects the first time they come into the store. Impulse sales suggestions can remind customers of something they may have forgotten to put on the shopping list.

Review your employee training to ensure that everyone knows add-on and impulse selling techniques. A portion of that training should include project sales, so they can suggest add-on sales that fit each customer's unique project. While BOPIS retailers with sophisticated websites may be able to suggest add-on sales through features on a website, those features can't replace the in-person advice your employees can offer.

Teach Employees to 'Save the Sale'

In a study titled "Unified Commerce and the Customer Experience" (a joint effort by Multichannel Merchant, the e-tailing group and KIBO), researchers mystery shopped retailers offering a BOPIS and identified key areas where they could improve their service. The study revealed that only 7 percent of store associates tried to save the sale when the customer decided to not purchase.

Training employees to respond to objections a customer may have to a sale is not training them to be pushy salespeople; rather, it's another aspect of customer service. Employees may be able to offer alternative products that better meet the customer's needs. Or, they may be able to help the customer solve a problem they are having with the product. Saving the sale means the customer doesn't have to go somewhere else and increases their confidence in your ability to help them. ➡

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Personal Shopper

If you have the capability to offer a buy online pick-up in store service to your customers, then take the service a step further. Instead of just promoting it as another method of delivery, brand it as a personal shopping service. Let customers know the name of the employee who will be assembling the order, then have that employee personally deliver it to the customer when they arrive in the store.

At this point, the employee should be able to recommend add-on items commonly purchased with the items in the order and ask the customer if they have any questions about their project. Make sure customers know there is a difference between ordering product out of an impersonal warehouse and buying from a full-service home improvement store. Creating a more personalized shopping experience for your customers will allow you to differentiate your online shopping service from the many others available to them.

